

This Week in Agriculture:

A Mixed Bag of Information from the Week that Was: March 28, 2014

- **A solid week market-wise, especially considering we are anticipating a relatively major USDA report on Monday, the 31st. For the week May corn finished 13 cents higher, with December up 8. May beans were up 27, with November up 13. July wheat finished up 4 after hitting the highest level seen since last June.**
- **Wheat conditions were the topic of the trade from the beginning of the week. Conditions in the Southern Plains continue to struggle as dryness seems unrelenting. Monday night's crop progress report showed 11% of the Texas wheat crop is considered in good to excellent condition. Oklahoma's crop is rated 17% good to excellent, while the Kansas crop is rated 33% good to excellent.**
- **The most recent drought monitor released by the National Weather Service indicated much of the Southern Plains is rated anywhere from moderately dry, up to experiencing exceptional drought conditions. The updated 6-10 and 8-14 day forecasts show above normal precipitation expected in the area. Producers will have their fingers crossed that the forecast proves true as rain is desperately needed.**
- **With little in the way of substantial news coming out of the Black Sea region, traders began to look towards Monday's USDA Quarterly Stocks and Acreage report. First focusing on today's Quarterly Hogs and Pigs report. The fear going into this afternoon's report was that the USDA would show the PED Virus has significantly damaged the hog supply.**
- **While the report indicated the herd is the smallest we have seen in 7 years, the numbers did come in larger than pre-report estimates. Some analysts maintain we could see a further decrease in population as we move ahead. Today's number gave us the estimated herd size as of March 1st, and with the increase in reported cases of the disease throughout this month, some wonder if the numbers may not be trailing behind the actual loss in supplies.**
- **Today's Hogs and Pigs number could be an important indicator ahead of Monday's Quarterly Stocks report. With the spread of PEDV many traders are concerned the USDA is overestimating corn used for feed. Considering we do not get a weekly or monthly report on feed usage, the quarterly stocks numbers give us an indication of what traders call "quarterly disappearance" or the level of grain used that is not reported in ethanol or export numbers.**
- **The million dollar question remains whether or not the drop in hog herd size will impact overall corn feed usage. With the cost of distillers outpacing the cost of corn in rations, cold weather possibly requiring more feed per animal unit and with finished weights coming in higher it is possible we could see usage offset any perceived decline in the hog population.**
- **Ahead of Monday's report traders are expecting to see 7.1 billion bushels of corn on hand as of March 1st. The estimates range from 6.9 bln bushels up to 7.54 bln. For soybeans, traders are anticipating 989 million bushels on hand with a 955 million up to 1.087 billion bushel range. As for wheat, traders are expecting to see 1 billion bushels on hand with a pre-report range of 985 million bushels up to 1.1 billion.**
- **On the acreage side of the coin, traders are expecting 92.75 million acres of corn plantings with estimates ranging from 90.5 million acres up to 94 million. Soybean acreage is expected to come in around 81 million with estimates ranging from 78.5 million up to 83.6 million. Spring wheat acreage is expected to come in higher than what we saw planted a year ago.**

Bottom-line: In 4 of the last 7 years the March Quarterly Stocks Report has resulted in a limit up or limit down move in old crop corn futures. As mentioned earlier, March quarterly stocks give us insight into the actual usage that has taken place through the first half of the marketing year. A stocks number higher than expected would indicate a higher level of initial supply, or a lower level of grain used. A number lower than expected would indicate lower initial supply, or greater than anticipated usage. From the acreage perspective weather will still trump intentions, with many traders thinking we could see a shift in actual plantings since the most recent rally started after the USDA surveyed farmers.

We will have the numbers together after their release on Monday at noon Eastern Time. Give us a call with any questions, we are here to help. Until next week, have a great weekend and stay safe!

All the Best!

Angie Maguire

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